From: Michelle Fabrello [michelle\_fabrello@gov.state.ak.us]

Sent: Wednesday, February 28, 2007 4:43 PM

To: Spencer; Kari L (GOV); Perry; Kristina Y (GOV); 'Todd Palin'; 'Sarah Palin'

Cc: Stepovich; Melissa M (GOV)

**Subject:** RE: Commissioner Bishop's father in-law I'll do a condolence letter for the Governor to sign.

From: Kari Spencer [mailto:kari\_spencer@gov.state.ak.us]

Sent: Wednesday, February 28, 2007 4:40 PM

To: 'Kris Perry'; 'Michelle Fabrello'; Todd Palin; 'Sarah Palin'

Cc: 'Melissa M. Stepovich '

Subject: FW: Commissioner Bishop's father in-law

The attached obituary is Click Bishop's father-in-law and Melissa Stepovich sent flowers from the Governor and First Gentleman. Thanks Melissal Kari.

Karl Spencer Governor's Scheduler 907-465-3986 phone; 907-465-3889 fax

From: Melissa M. Stepovich [mailto:melissa\_stepovich@gov.state.ak.us]

Sent: Wednesday, February 28, 2007 4:10 PM

To: Kari L Spencer; Michelle A Fabrello Subject: Commissioner Bishop's father in-law

#### William T. Taylor

William Thomas Taylor, 77, passed away at home into the arms of Jesus on Friday, Feb. 23, 2007.

Bill was born in Kinston, N.C. on Oct. 1, 1929, to Kate Smith Taylor and Guy Taylor.

Growing up in tough times without a father, he learned to fish and hunt to help feed his family.

Bill's mother gave permission for him to join the Army at 17 to serve in the 82nd Airborne Paratrooper Division. After basic, he switched places with another soldier once he learned that every other person was being sent to Japan, so he could come to Alaska in a combat rifle team.

Alaska was not as sweet as he thought it would be and he had his mother write the territorial governor to get him out of here. But it didn't take long for him to take a liking to Alaska. When he was discharged in 1949 in Montana, he used his \$600 separation check to return to Alaska. Bill loved Alaska and its people.

In the early days, Bill used a dog team as transportation around Fairbanks. He worked at the base power plant, as a cab owner-operator, fought forest fires, delivered coal for Johnny's Express, and joined Teamsters Local 959 around 1959. He worked for Green Construction Co. for many years and retired from the Teamsters in 1978.

Bill's passion was his family, but his other loves were fishing and dog mushing on the Yukon and Tanana rivers.

The family subsistence and commercial fished in Rampart and Manley Hot Springs. Eventually they built a fish processing plant in Manley Hot Springs, Yutana Fisheries.

In the 1960s Bill put together a team for sprint racing. He won many races but was proudest of winning the Open North American in Fairbanks in 1968. Bill died on the opening day of the Anchorage Fur Rendezvous. His son, Ricky, was to compete in that race for the first time.

Bill was preceded in death by his beloved wife, Ann Evans Taylor; siblings, Edward, Frank, Rosa and Fred; and sons, Billy and Jimmy.

He is survived by his children from his first wife, Edna: Donna El-Amin of Anchorage, Linda Taylor of Houston, Texas, and Michael Paquette of Fairbanks; his daughter, Doris Marie Lee of New Bern, N.C., his children with wife Ann, all of Fairbanks, Darlene and Click Bishop, Greg and Monica Taylor, Ricky Taylor and Sandra Taylor; mother of two grandchildren, Karen Shafford; grandchildren, Stephanie, James, Ashley, Candace, Cassandra, Cleveland, Todd and Aaron Gates, Lori Bishop and Paul Brinkman, Lisa Bishop, Marina, Alex, Hanna, Brooke and Christian; great-grandchildren, Taylor, Kadence and Isaiah; siblings, Guy Taylor of Kinston and Susie Harper of Nashville, N.C.; sister-in-law, Doris Taylor of Kinston; and sisters and brother-in-law, Ethel and Richard Smith, Paula Evans, and Elaine Long, all of Fairbanks.

Visitation will be at David Salmon Tribal Hall on Thursday, March 1, at noon. A memorial service will follow at 1 p.m. A potluck at the hall will start at 5:30 p.m. Please bring memories to share.

Arrangements were by Fairbanks Funeral Home and Crematory.

2007 Yukon Quest	·

From: Martha K Rutherford [marty\_rutherford@dnr.state.ak.us]

Sent: Wednesday, February 28, 2007 6:14 AM

To: Sarah Palin; Anders; Bruce F (DNR)

Cc: Stapleton; Meghan N (GOV); Balash; Joseph R (GOV)

Subject: Re: RE: Compass #4

Governor,

Some additional information. The AGIA bill gives the Commissioners the discretion to set the time for response to the RFA. However, the AGIA timeline the gasline team agreed to, in order to have a 2008 field season, only allows 3 months for response to the RFP. And this is the information that we've been providing here in Washington DC. Furthermore, in our discussions with potential project applicants, they have supported 3 months as an adequate timeframe.

# Marty R

```
---- Original Message ----
From: Martha K Rutherford <marty_rutherford@dnr.state.ak.us>
Date: Wednesday, February 28, 2007 9:36 am
Subject: Re: RE: Compass #4
To: Sarah Palin <gov.sarah@yahoo.com>
Cc: bruce anders@dnr.state.ak.us
> Governor, Yes, 3 mos for applicants to respond to the state RFP.
> Marty
>
> ---- Original Message -----
> From: Sarah Palin <gov.sarah@yahoo.com>
> Date: Wednesday, February 28, 2007 8:47 am
> Subject: RE: Compass #4
> To: bruce anders@dnr.state.ak.us, gov.sarah@yahoo.com,
> meghan stapleton@gov.state.ak.us
> Cc: marty rutherford@dnr.state.ak.us, tom_irwin@dnr.state.ak.us,
> patrick galvin@revenue.state.ak.us
>> Marty- we decided on 3 mos, not 6, fot the RFA resonse time,
> right?
>> Sarah Palin
>>
>> ----Original Message-----
>> From: "Bruce F Anders" < bruce anders@dnr.state.ak.us>
>> To: "Sarah Palin" <gov.sarah@yahoo.com>; "Meg
>> Stapleton"<meghan_stapleton@gov.state.ak.us>Cc: "Marty
>> Rutherford"<marty_rutherford@dnr.state.ak.us>; "Tom
>> Irwin"<tom irwin@dnr.state.ak.us>; "Pat
>> Galvin"<patrick galvin@revenue.state.ak.us>Sent: 2/27/07 11:23
> PM
>> Subject: Compass #4
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>> Governor and Meghan,
>>
>> Attached is the Compass #4. The topic is the timeline. I wanted
>> desperately to work in the Kelliher quote in this final pre-
>> introductionCompass; I hope I accomplished that in a manner that
>> does not sound forced.
>>
>> Hopefully it is serendipity -- the piece weighs in at precisely
>> 675 words.
>>
>> Safe travels home,
>> Bruce
```

From: Sent:

John Bitney [john\_bitney@gov.state.ak.us] Wednesday, February 28, 2007 9:45 PM

To:

'Sarah Palin

Cc:

Clark; Christopher G (GOV); Leighow; Sharon W (GOV); Balash; Joseph R (GOV);

Rutherford; Marty K (DNR); Tibbles; Michael A (GOV); Nizich; Michael A (GOV); Rehfeld;

Karen J (GOV); Stapleton; Meghan N (GOV)

Subject:

RE: RE: KINY: Palin gas line proposal calls for one-half billion dollar capital outlay

#### Governor:

Please be aware that the \$300 million was not specifically set aside by the Legislature for gasline investment. The Legislature set the money aside as a savings account for capital expenditures...and they don't necessarily take it for granted that this money HAS TO be used towards gasline investments.

My recommendation is that we	Privileged or Personal Material Redacted
Privileged or Personal Material Redacted	

Thanks

John

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----Original Message-----
```

From: Meghan N Stapleton [mailto:meghan\_stapleton@gov.state.ak.us]

Sent: Wednesday, February 28, 2007 9:20 PM

To: Sarah Palin

Cc: christopher\_clark@gov.state.ak.us; sharon\_leighow@gov.state.ak.us;

sharon\_busch@gov.state.ak.us; joe\_balash@gov.state.ak.us;

melanie\_lesh@dnr.state.ak.us; marty\_rutherford@dnr.state.ak.us;

mike\_tibbles@gov.state.ak.us; john\_bitney@gov.state.ak.us;

mike nizich@gov.state.ak.us

Subject: Re: RE: KINY: Palin gas line proposal calls for one-half billion

dollar capital outlay

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---- Original Message -----
From: Sarah Palin <gov.sarah@yahoo.com>
Date: Wednesday, February 28, 2007 7:13 pm
Subject: RE: KINY: Palin gas line proposal calls for one-half billion
dollar capital outlay
To: christopher_clark@gov.state.ak.us,
meghan stapleton@gov.state.ak.us, sharon_leighow@gov.state.ak.us,
sharon busch@gov.state.ak.us
Cc: joe_balash@gov.state.ak.us, melanie_lesh@dnr.state.ak.us,
marty rutherford@dnr.state.ak.us, mike_tibbles@gov.state.ak.us,
john_bitney@gov.state.ak.us, mike_nizich@gov.state.ak.us
> We MUST, must remind that $300g has already been set aside by
> legislature for this - and we'll recoup contribution via lower
> tarrif rts down the rd after contributing this amt. Amazing that
> the headlines are all about the $500g contribution.
> Sarah Palin
> ----Original Message----
> From: "Christopher Clark"<christopher_clark@gov.state.ak.us>
> To: "'Meghan N Stapleton'"<meghan_stapleton@gov.state.ak.us>;
> "'Sharon Leighow'" < sharon_leighow@gov.state.ak.us>; "'Sharon
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> Balash'"<joe balash@gov.state.ak.us>; "'Melanie
> Lesh'"<melanie_lesh@dnr.state.ak.us>; "'Marty
> Rutherford' "<marty_rutherford@dnr.state.ak.us>; "'Michael
> Tibbles'"<mike_tibbles@gov.state.ak.us>Sent: 2/28/07 1:18 PM
> Subject: KINY: Palin gas line proposal calls for one-half billion
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By the way, Steve Quinn did pick up on the fact and he clarified it

with me right after the press conference. Should be in tomorrow's

papers...

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> dollar capital outlay
> Hats off for this morning's 7:00 a.m. press availability!
> Pete Carran of KINY had the story on the air first, of course. And
> when Pete
> has something, KENI has it soon thereafter.
> (APRN had good coverage of the Governor and Marty in D.C. last
> night and the
> night before last.)
> To hear Pete's story, along with good quotes from the Governor and
> Marty, go
> here: http://www.kinyradio.com/newsof.html
> To read his print version, see below (from
> http://www.kinyradio.com/juneaunews/latest_juneau_news.html)
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```
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> morning where she is outlining her gas pipeline proposal for
> members of
> Congress and federal authorities.
> The Governor says her Alaska Gasline Inducement Act will call for
> the state
> to make an initial capital outlay.
> The total capital risk is estimated at a billion dollars.
> Palin's Natural Gas Line Team leader, Deputy Natural Resources
> CommissionerMarty Rutherford says the state will share that
> expense evenly with a $500
> Million outlay.
> She says that will go toward the cost of obtaining a certificate
> from the
> Federal Energy Regulatory Commission.
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> Palin is scheduled to introduce her bill for the Legislature's
> considerationFriday.
> Developers will be asked to have their proposals ready by October.
> The goal
> is to select a proposal and submit a package for the Legislature's
> consideration by the end of January 2008 and to begin field work
> by that
> summer.
> Prior to selecting a project, the process calls for a 60 day
> public comment
> period.
> Under her measure, applicants must provide for a minimum of five
> gas take
> off points in Alaska, commit to a local project headquarters in
> Alaska, and
> pledge to expand the pipeline project when new gas is available.
> Inducements for prospective gas line developers include lower
> tariffs and
> relaxed leasing laws.
> Palin is scheduled to return from Washington D. C. tomorrow.
> (Thursday)
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Meghan N Stapleton [meghan\_stapleton@gov.state.ak.us] From: Sent: Wednesday, February 28, 2007 9:20 PM Sarah Palin To: Clark; Christopher G (GOV); Leighow; Sharon W (GOV); Busch; Sharon K (DOL); Balash: Cc: Joseph R (GOV); Lesh; Melanie G (DNR); Rutherford; Marty K (DNR); Tibbles: Michael A (GOV); Bitney; John W (LAA); Nizich; Michael A (GOV) Subject: Re: RE: KINY: Palin gas line proposal calls for one-half billion dollar capital outlay By the way, Steve Quinn did pick up on the fact and he clarified it with me right after the press conference. Should be in tomorrow's papers... ---- Original Message -----From: Sarah Palin <gov.sarah@yahoo.com> Date: Wednesday, February 28, 2007 7:13 pm Subject: RE: KINY: Palin gas line proposal calls for one-half billion dollar capital outlay To: christopher\_clark@gov.state.ak.us, meghan stapleton@gov.state.ak.us, sharon leighow@gov.state.ak.us, sharon\_busch@gov.state.ak.us Cc: joe\_balash@gov.state.ak.us, melanie\_lesh@dnr.state.ak.us, marty rutherford@dnr.state.ak.us, mike\_tibbles@gov.state.ak.us, john bitney@gov.state.ak.us, mike\_nizich@gov.state.ak.us > We MUST, must remind that \$300g has already been set aside by > legislature for this - and we'll recoup contribution via lower > tarrif rts down the rd after contributing this amt. Amazing that > the headlines are all about the \$500g contribution. > Sarah Palin > ----Original Message----> From: "Christopher Clark"<christopher\_clark@gov.state.ak.us> > To: "'Meghan N Stapleton'"<meghan\_stapleton@gov.state.ak.us>; > "'Sharon Leighow'"<sharon\_leighow@gov.state.ak.us>; "'Sharon

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From: Meghan N Stapleton [meghan\_stapleton@gov.state.ak.us]
Sent: Wednesday, February 28, 2007 9:19 PM
To: Sarah Palin
Cc: Clark; Christopher G (GOV); Leighow; Sharon W (GOV): B

Clark; Christopher G (GOV); Leighow; Sharon W (GOV); Busch; Sharon K (DOL); Balash; Joseph R (GOV); Lesh; Melanie G (DNR); Rutherford; Marty K (DNR); Tibbles; Michael A

(GOV); Bitney; John W (LAA); Nizich; Michael A (GOV)

Subject:

Re: RE: KINY: Palin gas line proposal calls for one-half billion dollar capital outlay

It's the headline because it's the easiest thing to capture and for the public to understand within the news today - and it was one of the new elements revealed to the media. In our next Compass, I also point out that the minimal contribution was \$13b for the old proposal that didn't guarantee a permit much less a line.

---- Original Message ----

From: Sarah Palin <gov.sarah@yahoo.com>

Date: Wednesday, February 28, 2007 7:13 pm

Subject: RE: KINY: Palin gas line proposal calls for one-half billion

dollar capital outlay

To: christopher\_clark@gov.state.ak.us,

meghan\_stapleton@gov.state.ak.us, sharon\_leighow@gov.state.ak.us,

sharon\_busch@gov.state.ak.us

Cc: joe\_balash@gov.state.ak.us, melanie\_lesh@dnr.state.ak.us, marty\_rutherford@dnr.state.ak.us, mike\_tibbles@gov.state.ak.us, john\_bitney@gov.state.ak.us, mike\_nizich@gov.state.ak.us

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> To: "'Meghan N Stapleton'"<meghan_stapleton@gov.state.ak.us>;
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```

> Palin is scheduled to return from Washington D. C. tomorrow.

> (Thursday)

>

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From: Sent: To: Subject:

Sarah Palin [gov.sarah@yahoo.com] Wednesday, February 28, 2007 7:13 PM

karen\_rehfeld@gov.state.ak.us; Kreitzer; Annette (Dept. of Admin);

SR Parnell@gov.state.ak.us

FW. KINY: Palin gas line proposal calls for one-half billion dollar capital outlay

Sarah Palin

----Original Message----

Subject: FW: KINY: Palin gas line proposal calls for one-half billion dollar capital outlay

Sarah Palin

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Cc: "'Joe Balash'"<joe\_balash@gov.state.ak.us>; "'Melanie Lesh'"<melanie\_lesh@dnr.state.ak.us>; "'Marty Rutherford'"<marty\_rutherford@dnr.state.ak.us>; "'Michael Tibbles'"<mike\_tibbles@gov.state.ak.us>

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To read his print version, see below (from http://www.kinyradio.com/juneaunews/latest\_juneau\_news.html)

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The Governor says her Alaska Gasline Inducement Act will call for the state to make an initial capital outlay.

The total capital risk is estimated at a billion dollars.

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She says that will go toward the cost of obtaining a certificate from the Federal Energy Regulatory Commission.

Palin is scheduled to introduce her bill for the Legislature's consideration Friday.

Developers will be asked to have their proposals ready by October. The goal is to select a proposal and submit a package for the Legislature's consideration by the end of January 2008 and to begin field work by that summer.

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Inducements for prospective gas line developers include lower tariffs and relaxed leasing laws.

Palin is scheduled to return from Washington D. C. tomorrow. (Thursday)

From:

Sarah Palin [gov.sarah@yahoo.com] Wednesday, February 28, 2007 7:13 PM Rutherford; Martha K (DNR)

Sent: To:

Subject:

Larry

Let me know if you touch base w/Persily. Revenue / budget / pers/ters repairer... Trying to think of best fit.

Thnx for everything this wk marty... You're awesome .

Sarah Palin

From: Sent: Sarah Palin [gov.sarah@yahoo.com] Wednesday, February 28, 2007 11:56 AM Patrick S Galvin; gov.sarah@yahoo.com

To: Cc:

Irwin; Tom E (DNR); Rutherford; Marty K (DNR)

Subject:

**RE: PPT Payments** 

Sounds good guys - and legislators will want to be in the loop on this. Thanks much

#### Sarah Palin

----Original Message----

From: "Patrick Galvin" < patrick\_galvin@revenue.state.ak.us>

To: "Palin, Sarah" < gov.sarah@yahoo.com>

Cc: "Tom Irwin"<tom\_irwin@dnr.state.ak.us>; "Marty Rutherford"<martyr@dnr.state.ak.us>

Sent: 2/27/07 10:39 PM

Subject: PPT Payments

Governor,

The bulk of the first month's payments under PPT (those for January production) have been received, and are about 4% higher than we had predicted. This means that our PPT models may prove to be fairly accurate, and slightly conservative, which is good.

The real test will be in a month when the companies have to make their "true-up" payment on production from April - December 2006. This is the payment on the difference between what they already paid (based on ELF) and what they now owe under PPT. We're counting on payments totalling almost \$1B, so it's important our models are close to reality. So far, so good. I'll keep you posted.

-Pat

From: Sent: Kari Spencer [kari\_spencer@gov.state.ak.us] Wednesday, February 28, 2007 8:59 AM Sarah Palin; 'Tibbles; Michael A (GOV) '

To: Cc:

Joe Balash

Subject:

Elin Miller Meeting Request

Governor, is it okay for me to proceed with this request? Elin Miller has been trying for awhile to get in for an introductory meeting with you. You are scheduled to be in Juneau March 19 and 20. Thanks. Kari.

Kari Spencer

Governor's Scheduler

907-465-3986 phone; 907-465-3889 fax

----Original Message----

From: Fisher.Kenneth@epamail.epa.gov [mailto:Fisher.Kenneth@epamail.epa.gov]

Sent: Wednesday, February 28, 2007 8:57 AM

To: Kari Spencer

Cc: 'Joe Balash'; Combes.Marcia@epa.gov; 'Martha Fischbach'; 'Michael Tibbles';

Schaub. John@epamail.epa.gov

Subject: Meeting Request

Kari,

Elin Miller, Regional Administrator for the USEPA Region 10, would like to meet with Governor Palin, to discuss environmental priorities for the State of Alaska. Elin would like to know if Governor Palin is available to meet with her in Juneau on Monday 19 March [after llam] or Tuesday 20 March [before 4pm]. Please let me know if Governor Palin is available to meet with Elin Miller on either of these dates.

Ken

Kenneth J. Fisher, P.E.

USEPA Senior Representative to the State of Alaska

P.O. Box 20370

Juneau, Alaska 99802

907-586-7658

907-586-7015 (FAX)

From: Sent: Kari Spencer [kari\_spencer@gov.state.ak.us] Wednesday, February 28, 2007 1:47 PM 'Tibbles; Michael A (GOV)'; Sarah Palin

To: Subject:

Christine Klein request

Mike, Governor, how should I proceed on this request from Christine Klein? Kari.

----Original Message----

From: Christine [mailto: Privileged or Personal Materia]

Sent: Saturday, February 17, 2007 3:03 PM

To: Kari Spencer

Cc: Michael Tibbles

Subject: 10 min appointment

Kari,

Hope all is going well. I'd like to set up a brief appointment with Governor sometime in the next 2 weeks if you could squeeze in 10 minutes anytime. It's regarding serving on her team and of a personal nature. I will be in and out of Juneau for legislative work and meetings off and on so am flexible. Once I know a time that may work I'll arrange my schedule to match up.

Thanks much and have a great week!

Christine Klein

Privileged of wk/cell

345-4787 home

From: Sent: To: Kari Spencer [kari\_spencer@gov.state.ak.us] Wednesday, February 28, 2007 12:28 PM Governor Sarah Palin; Cayce; Sunny C (GOV)

Subject:

RE: Education

Oops! I resent it to her.

Kari Spencer

Governor's Scheduler

907-465-3986 phone; 907-465-3889 fax

----Original Message----

From: Governor Sarah Palin [mailto:governor@gov.state.ak.us]

Sent: Wednesday, February 28, 2007 11:43 AM

To: 'Kari Spencer'

Subject: RE: Education

Did you reply to her or just me :-)

----Original Message----

From: Kari Spencer [mailto:kari\_spencer@gov.state.ak.us]

Sent: Wednesday, February 28, 2007 11:34 AM

To: 'Governor Sarah Palin'

Cc: 'Sunny Cayce'

Subject: RE: Education

Dear Ms. Okland, I have received your request to the Governor and have added it to her pending scheduling requests list. I'll let you know if this might work after I am able to discuss it with the Governor.

Sincerely, Kari Spencer

Governor's Scheduler

907-465-3986 phone; 907-465-3889 fax

----Original Message----

From: WebMail@gov.state.ak.us [mailto:WebMail@gov.state.ak.us]

Sent: Sunday, February 18, 2007 7:19 PM

To: governor@gov.state.ak.us

Subject: Education

Web mail from: Ms. Linda Okland

address: 2702 McKenzie Dr. Anchorage AK 99517

MESSAGE:

Dear Sarah,

Congratulations on your election! I knew when you were one of Howard's bosses at AOGCC that you would go far in politics, but I hardly expected to see you in the Governor's Mansion so soon.

I will be making my annual visit to Juneau with the PAX foreign exchange students March 19-22. We usually make an appointment with the Governor and/or Lt. Governor while we are at the capitol. This year I wondered if you and your family would like to try something a little different. Would your daughters be interested in hosting the group for a pizza party at the Mansion?

This year I have ten students from Indonesia(2), Malaysia, Philippines, Ghana, Tajikistan, Turkmenistan,

Armenia, Ukraine, and Russia. These students are currently attending high school in Anchorage. They are

recipients of US State Department scholarships as part of its "citizen diplomacy" initiative.

While in Juneau we will be staying at Schaible House, The Global Connections Club at UAS is planning a

dinner for the group one of the evenings. We may also make a presentation to a history class at UAS. The

students will also spend one day at the capitol visiting legislators and attending a floor session. If

time and weather permit, we will visit Mendenhall Glacier and the Museum.

The schedule is somewhat

uncertain because we have to wait and see when there will be a floor session and then work around it.

If Willow and Bristol (and Piper if she wants) are interested in meeting the students, have them e-mail

me. I know the students would love to hear what it is like to be the daughter of the Governor.

Hoping to see you in Juneau,

Linda Okland
Anchorage PAX coordinator
907-248-2166
leokland@yahoo.com

leokland@yahoo.com

From:

Kari Spencer [kari\_spencer@gov.state.ak.us] Wednesday, February 28, 2007 11:34 AM

Sent: To:

Governor Sarah Palin Cayce; Sunny C (GOV)

Cc: Subject:

RE: Education

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Linda Okland

Anchorage PAX coordinator

907-248-2166

leokland@yahoo.com

leokland@yahoo.com

# Byers, Gail Y (LAW)

From: John Katz [jwkatz@ALASKADC.org]

Sent: Wednesday, February 28, 2007 1:20 PM

To: Marty Rutherford; Governor Sarah Palin; Michael Tibbles

Cc: Chip Abernathy; Meghan Stapleton

Subject: Gas pipeline/ Greenwire

Please see the attached, particularly the comments from FERC and Senator Stevens' office.

# Printing, GOV (GOV sponsored)

From: Kish, Dan [Dan.kish@mail.house.gov]

Sent: Wednesday, February 28, 2007 12:54 PM

To: Katz, John W (GOV); 'Chip Abernathy'

Subject: from greenwire this afternoon

# 2. NATURAL GAS: New Alaska pipeline plan includes \$500M in state matching funds

Ben Geman, E&ENews PM senior reporter

Alaska Gov. Sarah Palin (R) will offer a proposal to the state Legislature on Friday to spur development of the state's natural gas pipeline that will include \$500 million in state matching funds for early project costs.

Palin, in Washington this week to promote the plan, said today the proposal could breathe new life into long-stalled efforts to bring large North Slope natural gas reserves to markets in the lower 48 states.

Palin and a top aide said their plan would allow the state to begin soliciting pipeline proposals by this summer. "We know we need to get off high center," Palin told reporters. "We need to progress this project because there are hungry markets for Alaska's natural gas."

The project, once begun, will take an estimated 10 years before gas begins flowing.

The governor envisions an open solicitation for proposals, in contrast to former Gov. Frank Murkowski's (R) negotiations with BP, Exxon Mobil Corp. and ConocoPhillips. Murkowski was unable to steer his proposal through the state Legislature.

Palin previewed the bill and timeline she envisions today. Marty Rutherford, who heads Palin's gas pipeline team, said the state hopes to distribute a request for applications by June or July, with a three-month response period. They envision early fieldwork beginning in the summer of 2008. "It is a tight time frame but we are pretty committed to it," Rutherford said.

They also discussed a host of incentives aimed at reducing industry risks, as well requirements industry must meet in return. The plan will include up to \$500 million in state matching funds to help the developers pay early costs such as design, engineering and environmental analysis work to obtain Federal Energy Regulatory Commission approval for the project.

Beyond the \$500 million, the bill includes other incentives for both pipeline developers and Alaska gas producers.

# Providing predictable royalty rates

Rutherford said one of the upstream incentives would be changes to state oil and gas lease provisions to provide what Rutherford called more predictability in how royalty rates are determined. "Right now it is a rather complicated formula. We are willing to change that formula to be more certain for producers who commit their gas into this project," she said.

The plan would also provide additional tax incentives for producers that commit to supplying gas during the first "open season," the period in which pipeline developers solicit commitments to supply gas to the line.

The state would provide, for 10 years, a tax credit equal to any differences between tax rates in place during the first open season and any increases imposed by the Legislature, Palin said. "We want to ensure your profitability is insured for approximately 10 years as it relates to the state production tax," she said.

Another aspect of the proposal, Palin said, will be provisions aimed at ensuring the project can be expanded to allow new gas produced to be added later. She said this was needed to tap future supplies beyond 35 trillion cubic feet of reserves that producers currently hold.

Palin and Rutherford also said developers will have to provide "timelines and benchmarks" for applying for federal approval and presenting budgets. Palin said the prior negotiations suffered from a lack of certainty.

The state will include five gas off-take points to help provide for state energy needs. Palin said the plan would provide "a more secure United States and more robust economy for the state of Alaska and ultimately for the nation." The plan also addresses work force issues, such as steps to provide jobs to Alaskans on the massive project.

Palin has been meeting federal officials and the state's congressional delegation to promote the forthcoming proposal.

# 'Very interesting'

An aide to Sen. Ted Stevens (R-Alaska) said the senator is behind Palin and hopes the plan works. Stevens' office also provided a transcript of a brief interview Stevens gave to Alaska Public Radio yesterday, in which he called the idea of the state providing up to \$500 million in up front funding "very interesting."

Palin met Monday with FERC Chairman Joseph Kelliher. "We talked about her efforts on the Alaska natural gas pipeline, which I believe represent the best hope for building a pipeline to bring Alaska's vast natural gas resources to the energy-consuming lower 48 states," he said in a prepared statement after the meeting.

A FERC spokeswoman cautioned that this did not represent an endorsement of Palin's plan, but that Kelliher is pleased that there is progress being made. FERC, in a report to Congress last month, expressed concern about the state's progress on the project. The report noted that over the past year the schedule has slipped considerably and that prospects of an application are more remote than a year ago.

"The fresh competitive approach announced by the new governor must be successful if Alaska gas is to be part of the nation's energy supply solution anytime in the coming years," the report states.

Palin said she is meeting today with Energy Secretary Samuel Bodman to discuss the plan.

Bodman, in a letter to Alaska officials last year, expressed concern about the lack of progress on the project. He warned that opportunity for Alaskan gas to serve U.S. markets could be "overtaken" by liquefied natural gas imports if the Alaskan resources are not perceived as viable.

Daniel Kish

House Committee on Resources

U.S. House of Representatives

1324 LHOB

Washington, D.C. 20515

202 226 9722

202 225 5929 fax

# Byers, Gail Y (LAW)

From: Katz, John W (GOV) [/O=SOA/OU=FIRST ADMINISTRATIVE

GROUP/CN=RECIPIENTS/CN=JWKATZ]

Sent: Wednesday, February 28, 2007 1:37 PM

To: Rutherford; Martha K (DNR); Palin; Sarah (GOV sponsored); Tibbles; Michael A (GOV)

Cc: Chip Abernathy; Stapleton; Meghan N (GOV)

Subject: Gas pipeline/ Greenwire

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